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*PORTUGAL: Two of the country's top military leaders may have been exiled over the weekend in connection with the growing dispute over Portugal's overseas policy.

The US defense attaché reports that armed forces chief of staff General Costa Gomes and his deputy, General Spínola, were flown out of the country on Portuguese civil flights on March 9. According to this account, they had attempted a peaceful takeover of the government on the previous evening.

Heavy security measures were noted at Lisbon airport on March 9 and some military personnel were placed on alert. One of the deported officers reportedly was flown to Madeira, an island off the coast of Morocco, and the other to the Azores.

Lisbon has been tense since the publication last month of a book by General Spínola which advocated greater autonomy for Portugal's overseas territories as well as the liberalization of the Portuguese Government itself. The fact that the book was allowed to be published was thought to reflect Prime Minister Caetano's tacit approval of Spínola's thesis.

In a speech before the National Assembly on March 5, Caetano's remarks were ambiguous enough to allow different interpretations according to the preconceptions of the audience. His speech was followed by two days of debate on a vote of confidence for Caetano's overseas policy. All speakers pledged their support for the Prime Minister, although some deputies called for a speeding up of the autonomy process.

Spínola is Portugal's most famous war hero and is said to be extremely popular in military circles, particularly with junior officers. His widespread support in the military may explain the use of civil rather than military aircraft in the deportation flights.

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The exile has not been confirmed. The situation may be clarified later today when the US defense attaché seeks to keep a scheduled appointment with General Costa Gomes. Regardless of the status of the officers, the debate initiated by Spínola's book is now before the nation and cannot be withdrawn. [REDACTED]

*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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JORDAN: King Husayn, having had to postpone a visit to the US last month because of a mutiny among his enlisted soldiers, will arrive in Washington today. Jordan's future role in Middle East peace negotiations and additional US military and economic assistance to Amman are certain to head the list of topics he intends to take up with the President and other senior US officials.

Husayn undoubtedly expects that his visit will reinforce his domestic standing, which was undermined for a time by the mutiny. More important, he probably hopes that reaffirmation of strong US support will strengthen his hand in bargaining with other Arab leaders and the fedayeen over the eventual disposition of the Israeli-occupied West Bank.

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Husayn may still be angling for an agreement to hold an international supervised plebiscite on the West Bank as his price for cooperating with the Palestine Liberation Organization during peace negotiations. At the Arab summit in Algiers last November, the PLO was designated the sole legitimate representative of the Palestinians, and at the recent Islamic summit in Lahore, Jordan in effect acknowledged the PLO's role. Husayn may nevertheless believe that the other Arab leaders need him to negotiate the withdrawal of Israeli forces from these areas because of Israel's refusal to deal with the fedayeen.

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ISRAEL: After a ten-hour debate yesterday, the Knesset approved Prime Minister Meir's new government by a vote of 62 to 46, with 9 abstentions. Four members of the government coalition abstained, and two were unable to attend the Knesset session. The two orthodox youth faction members of the National Religious Party abstained to protest their party leaders' decision to join the governing coalition.

In her speech to the Knesset, Mrs. Meir indicated that she does not contemplate any change in the country's foreign policy. Noting that her 22-member cabinet contains no "rightwingers," she reiterated that Israel is prepared to negotiate a peace settlement with its Arab neighbors, but that the country will continue to insist on defensible borders. This, she said, precludes any return to the 1967 borders, as demanded by the Arabs.

Mrs. Meir said the government is prepared to negotiate with Jordan but is opposed to the creation of a separate Palestinian state on the West Bank of the Jordan. She repeated her earlier pledge that, if so demanded by any of the coalition partners, new elections will be held before the government signs any peace agreement involving Israeli territorial concessions on the West Bank. The National Religious Party had asked her to make such a statement as part of its price for joining the coalition.

As for Syria, Mrs. Meir said that her government will be ready in two weeks to present detailed ideas on a military disengagement agreement, and that she is prepared to send an envoy to Washington for this purpose. She demanded that Damascus return at once the wounded Israeli POWs it holds, however, and said her government hopes a complete POW exchange can be worked out even before a pact covering disengagement of forces is concluded.

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Mrs. Meir praised Cairo's policy on disengagement and peace, "even if there are many ups and downs on the way." She said the troop disengagement along the Suez Canal has been carried out "to the letter and the spirit" of the agreement arranged through Secretary Kissinger.

In response to criticism leveled at her previous government for its alleged failure to have been prepared for the Arab attacks last October, the Prime Minister announced her intention to form a National Security Council as an advisory body to the government, and also to establish a Ministerial Security Affairs Committee. [REDACTED]

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ARAB STATES: The last-minute postponement of yesterday's planned conference of Arab oil ministers in Cairo reflects continued disarray in Arab ranks over the oil embargo question. The meeting is now scheduled for Tripoli on Wednesday.

Algeria's oil minister, who serves as chairman of the Organization of Arab Petroleum Exporting Countries, issued official invitations last week for a meeting in Tripoli on March 13; Libya should, in the rotating system for hosting the oil conferences, be the site of the meeting. Egypt, however, in an apparent effort to force the Arabs to an early decision favorable to the US on the oil embargo, insisted that the session be convened yesterday in Cairo. Saudi Arabia, Kuwait, and Bahrain thereupon dispatched their oil ministers to the Egyptian capital, but Algiers and Tripoli did not, and Cairo's gambit failed.

Algerian and Libyan sensitivity over Sadat's attempt to move the site of the meeting from Tripoli has probably been one reason for the wrangling, but more important, the Arab states appear to be still divided on the broader issues of oil policy and the link between lifting the embargo and progress toward a Syrian-Israeli disengagement.

Saudi King Faysal sent a personal adviser to Damascus this weekend with a message that press sources say urged Syrian participation in the Cairo meeting. The fact that President Asad sent no representative may indicate that Syria is still holding out for maintenance of the embargo against the US until a disengagement agreement has been concluded. Syria's position would influence the stands of some of the oil producers, particularly Algeria.

Egypt and the producers who had agreed to meet yesterday may hope that acquiescence to demands for a later meeting in Tripoli will help close Arab ranks and allow more time for negotiations on the oil issue. The ministers in Cairo are reportedly scheduled to continue private meetings there until Wednesday, when all will move to Tripoli for the formal session. [REDACTED]

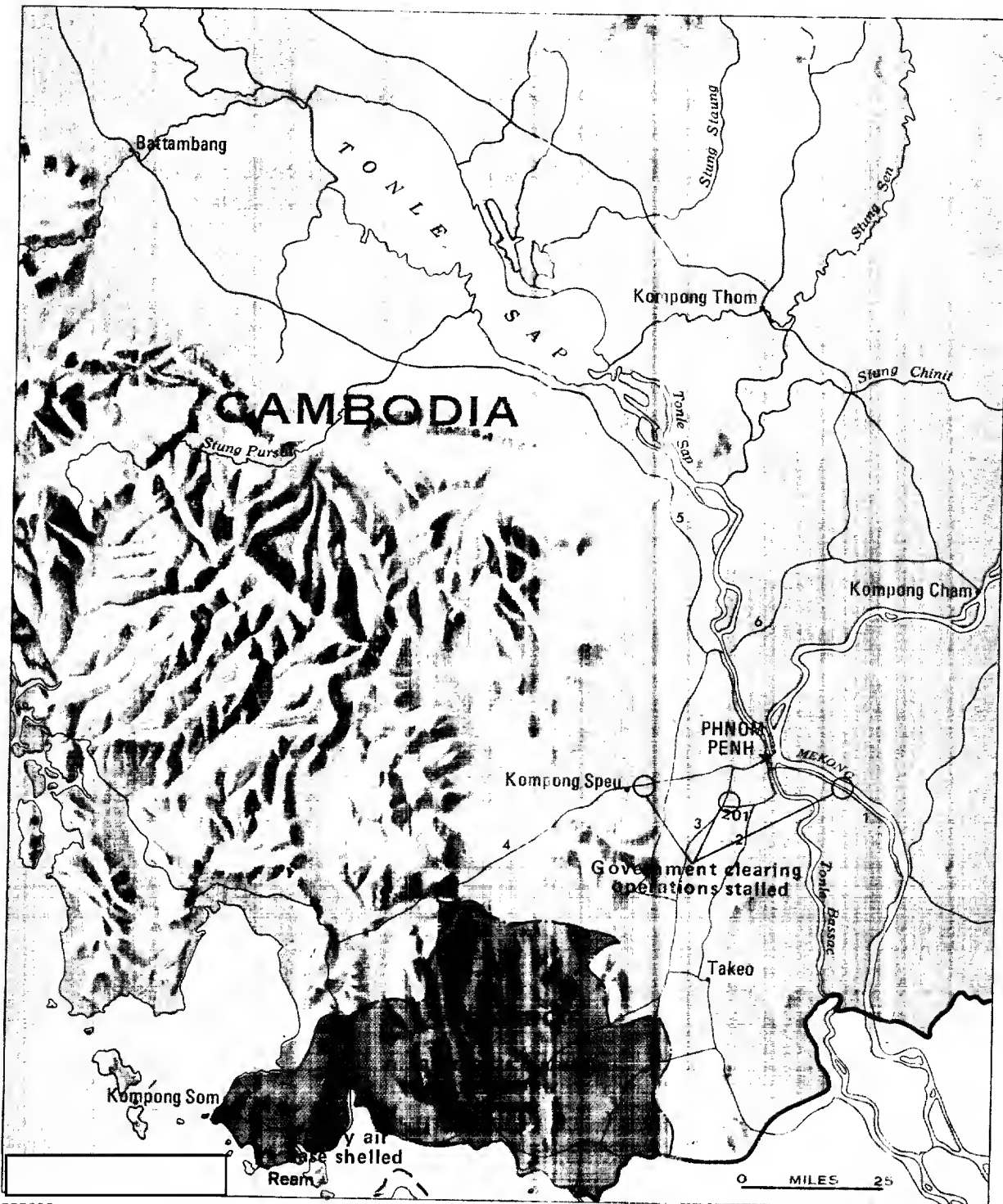
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CAMBODIA: Khmer Communist forces maintained pressure on the isolated southwestern provincial capital of Kampot over the weekend. Ground fighting was reported along the city's defensive perimeter, and sporadic mortar and recoilless rifle fire fell within the town itself.

Reinforcements have increased the strength of the Cambodian Army in the Kampot area to some 3,200 troops, and a general counterattack to relieve enemy pressure has begun. The morale of the city's civilian population continues to hold up well, despite shellings and severe shortages of food and water. US defense attachés who visited Kampot last week reported that the city has been receiving adequate air support from the nearby base at Ream. The Communists, however, are attempting to reduce or eliminate this support. Four Cambodian aircraft were damaged in a mortar attack on Ream on March 10.

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No major fighting developed in the Phnom Penh area over the weekend. Government forces made no progress in mopping up pockets of enemy resistance along Routes 2 and 201 south of the capital, or in eliminating the insurgents' interdiction of Route 1 some 15 miles southeast of the city. West of the capital, government forces engaged in clearing operations along Route 4 in the Kompong Speu area continued to mark time.

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[REDACTED]

*ETHIOPIA: Labor unions and the Ethiopian Government have reached an agreement, and the strikers will return to work today. Some friction will probably continue as the government pleads for austerity and the workers seek to gain maximum improvement of their economic conditions.

The agreement is couched in general terms, but it touches on all the demands made by the Ethiopian Labor Confederation. The details are to be worked out in further talks among government, labor, and employers. Part of the agreement requires drafting new labor laws.

A major demand of the unions was for a minimum wage much higher than the current average wage, which is \$.50 a day. The government has agreed in principle to set a minimum daily wage; the unions claim that an agreement has already been reached to establish it between \$.75 and \$.85.

Meanwhile, the army appears to be holding firm in its support of the new government. The official armed forces radio yesterday disclaimed responsibility for antigovernment leaflets circulating in Addis Ababa, and warned that the armed forces would take direct action against any individual circulating leaflets that implied that the army would support a popular rebellion against the government. [REDACTED]

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WEST GERMANY - USSR: After 11 days of strenuous bargaining in Moscow, Chancellor Brandt's chief foreign policy adviser, Egon Bahr, returned to Bonn on Saturday pleased that significant progress had been made in Ostpolitik.

A formula was worked out for the inclusion of West Berlin in the Soviet - West German scientific-technical agreement, but only after Bahr had spent more than 30 hours talking with Soviet party boss Brezhnev and a number of other Kremlin leaders. Details will be published once the agreement has been approved in Bonn. Bahr is already quoted as saying the formula will be the model for handling the touchy Berlin question in future negotiations between Bonn and Moscow.

Some progress was apparently made toward settling the question of Bonn's right to represent the legal interests of West Berlin. Further negotiations this spring will be necessary to iron out the remaining problems. There was no announcement on whether progress was made in overcoming Soviet objections to Bonn's opening a federal environmental agency office in West Berlin.

Brezhnev assured Bahr that the number of Soviet ethnic Germans permitted to emigrate to the Federal Republic will increase. Brezhnev's comments came at their last meeting, which Bahr has described as the turning point in the talks. The Soviet leader also used the occasion to discuss at length German participation in three specific economic projects: a foundry near Kursk, construction of nuclear power stations in the USSR, and the planned Soviet-German natural gas deal with Iran.

Bahr was met in Bonn by West Germany's chief negotiator with East Germany, Guenter Gaus. Gaus, himself just returned from highly successful negotiations in East Berlin that have opened the way for a formal exchange of permanent representatives between the two Germanys, apparently was anxious to compare notes with Bahr on the Berlin problem.

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*BELGIUM: Preliminary returns from the Belgian parliamentary elections held yesterday indicate that the composition of the next government will be very similar to the last.

Projections based on 50 percent of the vote indicate that the Social Christians will strengthen their position somewhat while the Socialists, who triggered the elections in a gamble to improve their parliamentary position, appear to be doing no more than holding their own.

The election results so far do not hold out much hope that Belgium will be any more governable after the election than it was before. The last three governments have all taken more than two months to form and this one is unlikely to prove an exception.

The Social Christians have already nominated Leo Tindemans, the outgoing vice prime minister, as their candidate for prime minister. On the basis of the early returns, he will have the first shot at the difficult job of forging a new coalition. [REDACTED]

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LAOS: Delays continue to hamper Prime Minister Souvanna's efforts to form a coalition government.

Pathet Lao actions--and lack of action--are responsible for much of the recent loss of momentum. Pathet Lao chairman Prince Souphanouvong has not sent his plenipotentiary representative, Phoumi Vongvichit, to Vientiane with a promised list of Pathet Lao candidates for the coalition cabinet and its advisory political council. Moreover, there is still no indication when chief Pathet Lao negotiator Phoun Sipraseuth will be returning to Vientiane. Phoun left for "consultations" at Communist headquarters in Sam Neua on February 26, with a stopover in Hanoi en route.

Meanwhile, the Pathet Lao negotiating delegation in Vientiane--almost certainly taking its cue from Sam Neua--is demanding more effective implementation of the procedures for neutralizing the twin capitals of Vientiane and Luang Prabang as the price for further progress toward forming the coalition. The delegation claims the government has failed to relocate forces from high-ground positions allegedly menacing Pathet Lao bivouac areas on the outskirts of Luang Prabang, despite repeated orders from Souvanna to disengage. The Pathet Lao call this situation the primary obstacle to a meeting between Souphanouvong and Souvanna in the royal capital to work out final arrangements on the new government.

The Pathet Lao delegation is also complaining bitterly about the government's lethargy in transferring municipal police functions in both cities to the Joint Police Forces and in withdrawing military personnel and equipment from the two capitals.

The attitude of the Pathet Lao on these questions has played into the hands of Prime Minister Souvanna's conservative political opponents in the National Assembly. They are now demanding convocation of a special legislative session to address the constitutional problems raised by Souvanna's plan to form the new government by direct royal investiture. The

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deputies claim they are not trying to obstruct Souvanna's scenario for forming the coalition, but they apparently do want to reserve the right to approve the Prime Minister's appointees to the new government.

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FOR THE RECORD

Guatemala: The postelectoral situation remains confused and tense. A congressional commission is reviewing the controversial results of last Sunday's presidential election, following which the government falsely claimed victory. Rumors of coup-plotting have begun to circulate as the opposition continues its protest demonstrations. The army is on alert throughout the country.

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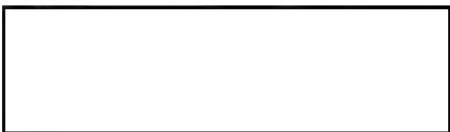
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